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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER

Chairman

WILLIAM MUNDELL

Commissioner

MARC SPITZER

Commissioner

MIKE GLEASON

Commissioner

KRISTIN MAYES

Commissioner

Arizona Corporation Commission
DOCKETED

MAY 16 2005

DOCKETED BY

KV

IN THE MATTER OF THE
APPLICATION OF QWEST
COMMUNICATIONS CORPORATION
D/B/A QWEST LONG DISTANCE FOR
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO INCLUDE AUTHORITY
TO PROVIDE RESOLD AND
FACILITIES-BASED LOCAL
EXCHANGE AND RESOLD LONG
DISTANCE SERVICES IN ADDITION
TO ITS CURRENT AUTHORITY TO
PROVIDE FACILITIES-BASED LONG
DISTANCE SERVICES, AND PETITION
FOR COMPETITIVE CLASSIFICATION
OF PROPOSED SERVICES WITHIN THE
STATE OF ARIZONA

DOCKET NO. T-02811B-04-0313

**SECOND SUPPLEMENT TO
APPLICATION AND PETITION**

AZ CORP COMMISSION
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Qwest Communications Corporation ("QCC") hereby supplements its Application and
Petition for Certificate of Convenience and Necessity in the above-captioned matter (the
"Application") under A.A.C. R14-2-1105.

I. Introduction and Background

1 On April 23, 2004, QCC filed an Application and Petition with the Arizona Corporation
2 Commission ("Commission") requesting that its existing Certificate of Convenience and
3 Necessity ("CC&N") be extended to include the authority to provide resold long distance
4 service, resold local exchange service and facilities-based local exchange service in addition to
5 the facilities-based long distance authority previously granted. The local exchange services for
6 which the CC&N was requested were not limited in scope geographically or by type or category
7 of customer.

8 On December 17, 2004, QCC filed a Supplement to Application and Petition. That filing
9 supplemented Section A-9 of the Application and Petition by adding a new proposed Local
10 Exchange Services QCC Arizona Tariff No. 3, which included the following business services:
11 Basic Local Voice Service; Direct-Inward Dialing Services; Custom Calling Services, Hunting
12 Services; Directory Listing Services, Local Operator Services; Local Directory Assistance
13 Service; Screening and Restriction Services; Caller Identification Blocking Options; IntraLATA,
14 Intraexchange Private Line Services; Customer Premises Wire and Maintenance Plans; and
15 ISDN PRI services. The tariff pages relating to the aforesaid services were also filed, as
16 amended by an errata filing made on January 12, 2005. Again, the local exchange services for
17 which the CC&N was requested were not limited in scope geographically or by type or category
18 of customer.

19 On February 23, 2005, the Commission's Utilities Division Staff ("Staff") filed its Staff
20 report on the revised application. Staff recommended approval of the CC&N with the restriction
21 that the approval should initially be limited to areas outside of the ILEC service area of QCC's
22 affiliate, Qwest Corporation ("QC").

23 Subsequently, QCC and Staff have twice requested that the hearing on the application be
24 postponed in order to allow for the parties to work toward a resolution of disputed issues.
25 Despite numerous efforts to resolve the disputed issues, the parties have not been able to reach
26 stipulations that would work such a resolution. QCC has proposed several variations of revisions

1 it would be willing to make to its application, the most recent of which would modify the request
2 for resold and facilities-based local exchange service in a manner that would limit QCC's CC&N
3 within the QC service area to serve business customers with 4 lines or more. Under that
4 proposal, QCC would only be able to provide resold or facilities based local exchange services to
5 residential customers or small business customers outside of the QC service area.

6 Although QCC and Staff have not been able to reach agreement on the resolution of the
7 matters raised by Staff, QCC is nevertheless willing to modify its Application in the manner
8 outlined above, in the hope that such action will narrow the issues to be tried before the
9 Commission, and perhaps aid in the final resolution of this Application, which is now over a year
10 old.¹

11 Therefore, QCC is filing this Second Supplement to its Application and Petition to
12 *narrow the scope of the requested certificate* for resold and facilities-based local exchange
13 services, by including certain geographic and customer category restrictions. The other portions
14 of its Application, as related to the scope and type of authority, remain the same.

16 **II. Supplement to Application**

17
18 A. For the reasons stated above, QCC hereby files its Second Supplement to its
19 Application and Petition, which is attached hereto as Exhibit 1, and incorporated herein by
20 reference (the "Second Supplement"). In Section A-10 of the Second Supplement, QCC requests
21 that its existing CC&N for competitive Facilities Based Long Distance Service be modified to
22 include the following additional services for the geographic areas indicated:

- 23 1. Competitive Resold Long Distance Service on a statewide basis.
- 24 2. Competitive Resold and Facilities Based Local Exchange Service on a statewide basis

25
26 ¹ QCC voluntarily files this Second Supplement, and does so without prejudice to its right to file an application to
broaden the scope of its CC&N in the future.

1 for large business customers and/or accounts with 4 or more switched access lines or
2 their equivalent. For purposes of determining an eligible large business account, all
3 individual locations of a multi-location customer shall be added together to determine
4 whether the 4 switched access lines or their equivalent threshold has been met for a
5 given customer/account.

6 3. Competitive Resold and Facilities Based Local Exchange Service for residence
7 customers and small business customers and/or accounts with three or fewer switched
8 access lines or their equivalent who are located outside QC's service territory.

9 B. In Section A-16 of the Second Supplement QCC states that the affidavit of notice
10 of publication was filed on February 24, 2005.

11 C. In Section A-17 of the Second Supplement, QCC states that it has executed and
12 received approval for an interconnection agreement with QC which is based on QC's Arizona
13 SGAT. The terms of this agreement include provisions for the resale of QC's local exchange
14 service.

15 D. In Section A-18 of the Second Supplement, QCC states that QCC has been
16 approved as a CLEC in the following states: Washington, Oregon, Utah, Montana, Idaho, Iowa,
17 Minnesota, Colorado, Wyoming, North Dakota, South Dakota, Nebraska, and New Mexico.

18 E. In Section C-1 of the Second Supplement, QCC states that it has an approved
19 resale agreement. *See*, Docket No. T-01051B-04-0685. Approved by operation of law on
20 December 20, 2004.

21 F. In Section A-5 of the Second Supplement, the attorney of record for QCC in this
22 proceeding is changed to:

23
24 Norman Curtright
25 Qwest Law Department
26 4041 North Central Avenue, 11th Floor
Phoenix, Arizona 85012
Telephone: (602) 630-2187

1 Fax: (602) 235-3107
2 E-mail: norm.curtright@qwest.com


3 G. QCC does not amend the proposed tariffs previously filed as Attachment B; *See*
4 Attachment B as filed on December 17, 2004 and supplemented on January 12, 2005 for QCC's
5 tariff for the Local Exchange Services it plans to offer upon certification. The Second
6 Supplement conforms the updated references in Section A-9 to the appropriate sections of the
7 tariffs contained in Attachment B. This is not a modification to the first Supplement, however.

8
9 **III. The Second Supplement to Application and Petition Presents No Cause for Further**
10 **Postponement or Delay in this Docket**

11 QCC is filing this Second Supplement to its Application and Petition to *narrow the scope*
12 *of the requested certificate* for resold and facilities-based local exchange services, by including
13 certain geographic and customer category restrictions. The other portions of its Application, as
14 related to the scope and type of authority, remain the same. Because the scope of the authority
15 requested is decreasing by this Second Supplement, there is no basis for any postponement or
16 further delay in this Docket.
17

18 RESPECTFULLY SUBMITTED this 16~~th~~ day of May, 2005.
19

20 QWEST COMMUNICATIONS CORPORATION

21
22
23 By: 
24 Norman G. Curtright
25 4041 N. Central Avenue, Suite 1100
26 Phoenix, AZ 85012
Its Attorney

1 ORIGINAL + 13 copies filed this
16th day of May, 2005:

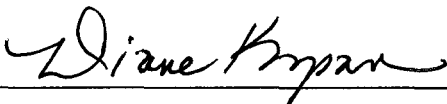
2 Docket Control
3 ARIZONA CORPORATION COMMISSION
1200 West Washington
4 Phoenix, Arizona

5
6 COPY of the foregoing delivered by hand
this 16th day of May, 2005 to:

7
8 Teena Wolfe, Administrative Law Judge
Hearing Division
9 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
10 Phoenix, AZ 85007

11 Maureen A. Scott (mscott@cc.state.az.us)
Legal Division
12 ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
13 Phoenix, AZ 85007

14 Ernest Johnson (ernest.johnson@cc.state.az.us)
Director, Utilities Division
15 ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
16 Phoenix, AZ 85007

17
18 
19 _____

20
21
22
23
24
25
26

EXHIBIT 1

**SECOND SUPPLEMENT TO
APPLICATION AND PETITION**

ARIZONA CORPORATION COMMISSION

**Qwest Communications Corporation's Application and Petition for Certificate of Convenience and Necessity to
Provide Intrastate Telecommunications Services**

Mail original plus 13 copies of completed application to:

For Docket Control Only:

(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- ☒ Resold Long Distance Telecommunications Services (Answer Sections A, B).
- ☒ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- ☒ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- ☒ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- ☐ Alternative Operator Services Telecommunications Services (Answer Sections A, B)

On December 4, 2003, the Arizona Corporation Commission ("ACC") approved Qwest Communications Corporation's ("QCC") request for a Certificate of Convenience and Necessity (CC&N) to provide competitive Facilities Based Long Distance Telephone Services in Decision No. 66612. With this application, QCC is requesting to have its CC&N modified to include Resold Long Distance Service, Resold Local Exchange Service and Facilities Based Local Exchange Service, as further described in the response to question A-10, below, in addition to the competitive Facilities Based Long Distance authority previously granted.

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Qwest Communications Corporation

1801 California – Suite 5100

Denver, CO 80202

Principal office and business office telephone number: 303-992-1400

Toll Free Customer Service telephone numbers: Residential: 800-860-2255

Business: 800-860-1020

Facsimile number of the Applicant: 1-888-860-1441

E-mail Address: uswpuc@qwest.com (note: this e-mail address is for the Commission's use in communicating with Qwest and should not be disclosed to the public. Individual customers can correspond with Qwest via e-mail at the following address:

<http://www.3.qwest.com/cgi-bin/resoor.efg/php/enduser/home.php>

World Wide Web Address: www.qwest.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Qwest Communications Corporation does business under the d/b/a Qwest Long Distance for its interexchange business.

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Maureen Arnold David L. Ziegler

Director – Regulatory Assistant Vice President – Public Policy

Qwest Public Policy Qwest Service Corporation

4041 N. Central Avenue, 11th Floor

Phoenix, Arizona 85012

Telephone: (602) 630-8222 1167

Fax: (602) 235-3107 630-5337

E-mail: Maureen.arnolddavid.l.ziegler@qwest.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Timothy Berg Norman Curtright

Fennemore Craig, PC Qwest Law Department

3003 4041 North Central Avenue, Suite 2600 11th Floor

Phoenix, Arizona 85012

Telephone: (602) 916-5421 630-2187

Fax: (602) 916-5621 235-3107

E-mail: tberg@felawnorm.curtright@qwest.com

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Susan McKown

1801 California Street, Suite 450

Denver, Colorado 80202

Telephone: (303) 896-8152

Fax: (303) 965-5555

E-mail: uswpuc@qwest.com

(A-7) What type of legal entity is the Applicant?

☐

Sole proprietorship

☐

Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign

☐

Limited Liability Company: _____ Arizona, _____ Foreign

☒

Corporation: _____ "S", X "C", _____ Non-

☒

Domicile: _____ Arizona, X Foreign

☐

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed

LLC, all members), or corporation officers and directors (specify).

3. Indicate percentages of ownership of each person listed in A-8.2.

1. Please see Attachment A-1.
2. Please see Attachment A-2.
3. None of the officers or directors of QCC have any direct ownership interest in QCC as QCC is a wholly owned subsidiary of Qwest Services Corporation ("QSC"), which, in turn, is a wholly owned subsidiary of Qwest Communications International Inc. ("QCII"), which is a publicly traded entity on the New York Stock Exchange.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number). ~~See Section 5.1, Page 1~~ The proposed rates and charges for each service are included in the Tariff Price List – Sections 3, 5, 6, 10, 12, and 14.
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number). ~~N.A. Tariff Maximum Rates are located in Sections 3, 5, 6, 10, 12, and 14 of the Tariff. The prices to be charged are the same as those contained in the price list referenced in subpart 1.~~
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number). ~~See Section 2, pages 1-11 and Section 5.1, page 1.~~ General Terms and Conditions are located in Section 2, pages 3-19. Additional terms and conditions associated with specific services and offerings are located in the corresponding section of the tariff for each such service or offering.
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number). ~~See Section 2.2.7, page 5 and Section 2.3.2, Page 8.~~ Deposits, Advances, and/or Prepayments are described in Section 2, page 13.
5. The proposed fee that will be charged for returned checks (reference by Tariff page number). ~~\$10.00 – See Section 2.3.2, Page 8.~~ The \$25 proposed fee for returned checks is in Section 2, page 12.

See Attachment B, as filed on December 17, 2004 and supplemented on January 12, 2005 for QCC's tariff for the Local Exchange Services it plans to offer upon certification. As indicated in the company's responses to A-17 and C-1 in this application, QCC does not have a resale agreement at this time. QCC also does not currently have an interconnection agreement. QCC will file appropriate modifications to this tariff to include other local exchange services at such time as it obtains these agreements. The Commission previously approved QCC's tariff for facilities based long distance services in connection with its Facilities Based Long Distance CC&N in Decision No. 66612. Qwest will file any necessary modifications to its existing long distance tariff to include resold long distance services at such time as it obtains a resale agreement.

(A-10) Indicate the geographic market to be served:



Statewide. (Applicant adopts statewide map of Arizona provided with this application).



Other. Describe and provide a detailed map depicting the area.

QCC requests that its existing CC&N for competitive Facilities Based Long Distance Service be modified to include the following additional services for the geographic areas indicated:

1. Competitive Resold Long Distance Service on a statewide basis.
2. Competitive Resold and Facilities Based Local Exchange Service on a statewide basis for large business customers and/or accounts with 4 or more switched access lines or their equivalent. For purposes of determining an eligible large business account, all individual locations of a multi-location customer shall be added together to determine whether the 4 switched access lines or their equivalent threshold has been met for a given customer/account.
3. Competitive Resold and Facilities Based Local Exchange Service for residence customers and small business customers and/or accounts with three or less switched access lines or their equivalent who are located outside QC's service territory.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

Requests A-11 and A-12 request similar information on a rather broad scope. In responding to these issues, QCC has conducted a good faith investigation of its organization to obtain responsive information and documents. QCC has made several assumptions in conducting this inquiry and providing these responses, as described in more detail below. For example, to avoid providing information that is not relevant to the application, such as information related to private, domestic, or similar matters unrelated to the provision of telecommunications, QCC interprets the questions as seeking information related to the individual's professional responsibilities. Qwest also interprets the word "involve" as used in the requests as requesting information where an individual is a party to a civil action or the subject of a criminal investigation, and interprets "managers" to identify QCC's officers and directors, not every employee of QCC with supervisory responsibilities.

Much of the information responsive to these inquiries at least at a consolidated level, is contained in Item 3, pages 14-26 of QCII's recently filed consolidated financial statements (Attachment D), and the information disclosed therein is incorporated fully herein by reference.

As a large, nationwide provider of telecommunications services, QCC from time to time has been named in formal and informal complaint proceedings before state and federal commissions with responsibility for telecommunications regulation. QCC interprets this question to require disclosure limited to complaints docketed by state and federal commissions with jurisdiction over telecommunications regulation. QCC does not track each formal or informal complaint filed against it in any centralized system, as many of these complaints involve issues for which QCC is not even the responsible carrier. In many of these cases, complaints involve charges that are billed in accordance with lawful tariffs or otherwise without merit. QCC does track, however, actions or investigations initiated by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, which are described below.

QCC has settled formal complaint actions or investigations regarding alleged slamming or cramming with the following entities: the Federal Communications Commission, the state utility commissions of Oklahoma,

South Dakota, Kentucky, Tennessee, Texas, and New Jersey, the attorneys general for the states of Arizona, Connecticut, Florida, Idaho, Illinois, Kansas, Minnesota, Missouri, Nevada, New York, Ohio, Oregon, Pennsylvania, and Wisconsin. QCC has also settled "do not call" violation investigations by the New York State Consumer Protection Board and the Florida Department of Agriculture and Services. Additionally, in October 2002, the California Public Utilities Commission fined QCC for alleged incidents of slamming and cramming. QCC filed an appeal in California state court, but the appeal was unsuccessful. Copies of the orders or agreements resolving these matters are attached. Attachment E pertains to A-11 and Attachment F to A-12.

QCC is also in the process of resolving two other proceedings in Oklahoma and Delaware. The Oklahoma proceeding is a formal complaint by the Commission Staff involving allegations of one incident of slamming against QCC. QCC is in the process of negotiating settlement of this complaint with the Oklahoma staff. The Delaware proceeding addressed allegations involving the improper termination of service for 16 customers. QCC is in the process of finalizing a settlement agreement with the Delaware Commission to resolve this matter. Final orders on these two proceedings have not yet been issued.

QCC is also currently cooperating with the attorney general for the state of Missouri regarding certain sales practices, which investigation is ongoing, and is involved in a civil investigation relating to property tax surcharges in North Carolina. QCC is also involved in two pending formal complaints at the FCC; one filed by Touch America, Inc. alleging that QCC and its affiliates violated terms of the U S West, Inc./ Qwest Communications Inc. divestiture order and illegally were providing interLATA services in the former U S West local exchange region.

On or about October 25, 2001, a judgment was entered against QCC in Travis County, Texas (matter number 97-13778) in the amount of \$1,746,446. In the lawsuit giving rise to the judgment, AT&T alleged that during construction of QCC's fiber optic network in the vicinity of Austin, Texas, QCC was responsible and liable for three cuts of AT&T fiber. Subcontractors were held to be liable for approximately \$532,000 of the actual damages, and have paid these amounts. The punitive damages portion of the judgment, \$467,808.91, is currently being appealed to the Texas Supreme Court.

Aside from these matters, QCC, based on its records, has not been the subject of any other formal complaints or investigations by state or federal utility commissions, attorneys general, or consumer advocate offices, and similar agencies or entities, regarding its provisions of telecommunications services during the last five years.

As to officers, directors, and managers of QCC: Mark Evans was named individually in a lawsuit (Civil Case No. 02-RB-464 (PAC), In re Qwest Savings and Retirement Plan ERISA Litigation, In the United States District Court for the District for Colorado), pursuant to which the plaintiffs (participants of the Qwest Retirement Plan (the "Plan")), allege that the members of the Plan's investment committee (the "Investment Committee") (including Mr. Evans, who was on the investment committee) of U S West/Qwest breached their fiduciaries duties by failing "to provide sufficient independent information to participants of the Plan to allow such participants to achieve the stated purpose of the Plan to provide such employees with a voice in the major decisions affecting U S West/Qwest" and "[f]ailing to disclose to participants material information concerning Qwest Fund Shares which they knew or should have known.

Qwest continually implements and reviews procedures and organizations to prevent regulatory or legal violations from occurring or being repeated as described above.

QCC will supplement this information when and/or if it discovers any additional judgments, complaints, or

investigations properly responsive to this inquiry.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

Please see QCC's response to item A-11, which is incorporated by reference.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☒

Yes

☐

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

☒

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☒

Yes

☐

No

If "No", continue to question (A-15).

☒

For Local Exchange Resellers, a \$25,000 bond will be recommended.

☒

Yes

☐

No

If "No", continue to question (A-15).

☒

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☒

Yes

☐

No

If "No", continue to question (A-15).

☒

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☒

Yes

☐

No

If "No", continue to question (A-15).

Qwest Long Distance has already posted a \$100,000 bond as a Facilities-Based Long Distance Provider. The bond was posted as part of QCC's application for a Certificate of Convenience and Necessity, Decision No. 66612. The remaining \$135,000 bond will be posted in compliance with the ACC's decision in this proceeding.

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

Not Applicable

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

~~Publication will be completed subsequent to the filing date of this application and upon assignment of a docket number for inclusion in the legal notice. QCC will supplement this response once it has received the affidavit of publication.~~

QCC's affidavit of Publication was filed with Docket Control on February 24, 2005.

Note: Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C". Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

☐ Yes

☐ No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

QCC intends to be both a switchless reseller and a facilities based (including switches) provider of telecommunications services that Applicant intends to provide in the State of Arizona. QCC has not yet entered into any resale agreements with any particular providers, executed and received approval for an interconnection agreement with QC which is based on QC's Arizona SGAT. The terms of this agreement include provisions for the resale of QC's local exchange service.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

QCC has been approved as a CLEC in the following states: Washington, Oregon, Utah, Montana, Idaho, Iowa, Minnesota, Colorado, and Wyoming, North Dakota, South Dakota, Nebraska, and New Mexico.

QCC has also been approved in the following states, for the following services: Alabama – Facilities based interexchange service, Resold interexchange service; Arkansas – Resold interexchange service; California – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Connecticut – Resold local exchange service, Resold interexchange service; Delaware – Facilities based local exchange service, Resold local exchange service, Resold interexchange service; District of Columbia – Facilities based local exchange service, Resold local exchange service; Florida – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Georgia – Facilities based local exchange service, Resold local exchange service,

Facilities based interexchange service, Resold interexchange service; Hawaii – Resold interexchange service; Illinois – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Indiana – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Kansas – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Kentucky – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Louisiana – Facilities based interexchange service, Resold interexchange service; Maine – Facilities based interexchange service, Resold interexchange service; Maryland – Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Massachusetts – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Michigan – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Mississippi – Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Missouri - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Nevada - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; New Hampshire - Facilities based local exchange service, Resold local exchange service, Resold interexchange service; New Jersey - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; New York - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; North Carolina - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Ohio - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Oklahoma - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Pennsylvania - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Rhode Island - Facilities based local exchange service, Resold interexchange service; South Carolina - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Tennessee - Facilities based local exchange service, Resold interexchange service; Texas - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; Vermont - Facilities based local exchange service, Resold interexchange service; Virginia - Facilities based local exchange service, Facilities based interexchange service, Resold interexchange service; West Virginia - Facilities based local exchange service, Resold local exchange service, Facilities based interexchange service, Resold interexchange service; Wisconsin - Facilities based local exchange service, Resold interexchange service;

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

QCC is a certified, facilities based provider of interexchange services and other services in every U.S. state except Alaska.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

Qwest Corporation: Provides local and intraLATA services.

Qwest LD Corp.: Provides resold interexchange services.

Qwest Wireless, LLC: provides CMRS services.

U S Long Distance, Inc.: Certified provider of the alternative operator services.

The address for all of the above entities is: 1801 California Street, Suite 5100, Denver, Colorado 80202.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☒

Yes

☐

No

If "No," explain why and give the date on which the Applicant began operations.

QCC is a wholly owned subsidiary of Qwest Services Corporation, which in turn is a wholly owned subsidiary of QCII. As such, QCII does not prepare separate financial statements for QCC. Instead, QCC's financial information appears as a consolidated financial statement, together with QCII's other subsidiaries, in QCII's annual Form 10-K filing with the United States Securities and Exchange Commission. QCII's form 10-K filings for the periods ending 12/31/2002 and 12/31/2003 are attached in Attachment D. The information is also separately available on the Securities and Exchange Commission's website or through the Company's website.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

As indicated in the response to Item B-1, QCC is a wholly subsidiary of QSC, which is a wholly owned subsidiary of QCII. As such, QCII does not prepare a separate balance sheet, income statement, audit report, retained earnings statements, or notes to financial statements for QCC. Instead, QCC's financial information appears as a consolidated financial statement, together with QCII's other subsidiaries, in QCII's annual Form 10-K filing with the United States Securities and Exchange Commission. As indicated in response to Item B-1, QCII's Form 10-K filings for the periods ending 12/31/2002 and 12/31/2003 are attached and included in Attachment D. The information is also separately available on the Securities and Exchange Commission's website or through the Company's website.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Yes, QCC will rely on the financial resources of its parent company, Qwest Services Corporation (QSC). QCC is a wholly owned subsidiary of QSC, which is a wholly owned subsidiary of Qwest Communications International, Inc. (QCII). Funding for QCC is through equity provided by QSC and by financial obligations issued by Qwest Capital Funding, Inc. (QCFI), a separate subsidiary of QCII.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
 2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
 3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
 4. If the projected value of all assets is zero, please specifically state this in your response.
 5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.
1. **The projected total revenue to be generated by the provision of these services is \$76,497,192**
 2. **The projected operating expenses to be incurred in the provision of these services is \$41,973,655.00**
 3. **The net book value of all Arizona jurisdictional assets to be used in providing these services is \$5,856,615.00.**
 4. **Not applicable.**
 5. **QCC estimates that the Projected Fair Value of these assets is \$5,856,615.00**

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

☒ Yes

☐ No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

Docket No. T-01051B-04-0685. Approved by operation of law on December 20, 2004.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☒ Yes - F-B Long Distance ☒ No - F-B Local

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.

QCC is currently providing facilities based long distance service in Arizona pursuant to the CC&N granted by the Commission in Decision No. 66612. Qwest began offering these services in Arizona on December 15, 2003.

2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

QCC sells switched and dedicated long distance, ATM, Frame Relay, Operator Services, Private Line, and toll free services in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

QCC will begin to offer facilities based local exchange service within the State of Arizona once it has received certification from the ACC.

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

☒ Decision # 64178 Resold Long Distance

☒ Decision # 64178 Resold LEC

☒ Decision # 64178 Facilities Based Long Distance pursuant to Decision No. 66612

☒ Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

☒ Yes ☐ No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☒

Yes

☐

No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒

Yes

☐

No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

David Ziegler

(Signature of Authorized Representative)

May 13, 2005

(Date)

David Ziegler

(Print Name of Authorized Representative)

Assistant Vice President - Public Policy

(Title)

SUBSCRIBED AND SWORN to before me this 13th day of May, 2005

Deborah L. Statt

NOTARY PUBLIC

My Commission Expires March 15, 2008



DEBORAH L. STATT
Notary Public - Arizona
Maricopa County
Expires 03/15/08